



City of Milwaukee

200 E. Wells Street
Milwaukee, Wisconsin
53202

Meeting Minutes

MILWAUKEE HOUSING TRUST FUND FINANCING MODELS SUBCOMMITTEE

LEO RIES, CHAIR

Lucia Murtaugh, Vice-Chair

Heather Dummer Combs, Sup. Marina Dimitrijevic, Rocky Marcoux, Robert Shelledy, Mike Soika

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Monday, March 13, 2006

8:30 AM

Room 301-B, City Hall

Meeting convened: 8:38 A.M.

Members present: Heather Dummer Combs, Sup. Marian Dimitrijevic, Rocky Marcoux, Lucia Murtaugh, Leo Ries, Robert Shelledy and Mike Soika

Members excused: None

Also present: Ald. Michael Murphy, Chair of the Milwaukee Housing Trust Fund Task Force

1. Selection of Chair and Vice-Chair

Leo Ries was unanimously elected Chair; Lucia Murtaugh was unanimously elected Vice-Chair.

2. Funding Sources of a Housing Trust Fund

The Subcommittee reviewed multiple possible funding sources some of which would require state legislation, and others which would not. These included:

a) Mr. Soika recommended looking at retired tax incremental financing (TIF) funds to be diverted from the general city fund to the Housing Trust Fund. Mr. Marcoux noted that this would require no state or local legislation and would only require Council action to direct city funds to a specific entity. In 2006, the City will close \$150-\$170 million in TIF assessments, but those funds have already been calculated into the 2006 budget. The Subcommittee would also need to calculate how much annual revenue would be generated from an assessment base equivalent to the annual average amount of annually closed-out TIF assessment. A decision would need to be made of when to begin diversion of these funds.

Mr. Marcoux noted that Milwaukee County, MATC and Milwaukee Public Schools could also be invited to commit their shares of retired TIF funds for housing.

Ms. Elmer will provide data on the existing TIFs and when they expire.

b) Mr. Soika recommended looking at using a percentage of annual general obligation bonds for housing. Since general obligation bonds are usually tied to tax-generating capital investments, Mr. Ries suggested looking at revenue generated by federal HOME and CDBG funds, as part of the basis for calculating the annual tax benefit for investing in affordable housing.

Ms. Elmer will research how much the City is bonding for on an annual basis and for what reasons.

c) The Subcommittee supported consideration of an increase in the real estate transfer fee. Sup. Dimitrijevic noted that the City and County are continually battling over the real estate transfer fee, but the County has been very supportive of affordable housing. She thinks the County would be open to a number of ideas for financing affordable housing. It was noted that changes to the real estate transfer fee would require a change in State law.

d) Ms. Dummer Combs would like the Subcommittee to look at linkage fees (requiring payment from developers, such as condominium developers or apartment conversions). Ald. Murphy was present and noted that he has looked at linkage fees in the past, but the City Attorney's Office was not supportive of this. Mr. Ries has some concerns as he feels that this places an extra burden on developers in the city versus the suburbs. Mr. Soika feels that apartment conversions would be the best form for linkage fees. At this point, Ms. Dummer Combs provided a table of funding sources for housing trust funds across the nation (Exhibit 1).

e) Ms. Murtaugh suggested a downtown parking fee.

f) She also suggested adding a \$1 fee for every \$30 ticket for entertainment within the City. It was noted this would require a change in State law.

g) Finally, she also suggested an increase in the hotel-motel tax. Ald. Murphy noted that this would also require a change in State law.

h) Mr. Shelledy suggested the sale of city property. Mr. Marcoux noted that many City properties are sold for \$1, which doesn't raise a large amount of revenue. Mr. Marcoux noted that it is a possible, but not a reliable, source of funds.

i) Mr. Soika asked if there are real estate filing fees that the City collects, but members and staff present were only aware of the rental property recording fee collected by the Department of Neighborhood Services.

j) Mr. Ries provided a Summary of Neighborhood Assistance Legislation created by LISC in August of 2005 (Exhibit 2), which provides a state tax credit for corporate and private contributions targeted at neighborhood improvement. This would require State legislation, but would provide an incentive for greater private sector investment in affordable housing development.

k) Ms. Dummer Combs noted that a portion of the city's Potawatomi revenue could be committed to the Housing Trust Fund.

l) Mr. Ries recommended continued consideration of the Minneapolis Neighborhood Revitalization Program, with the understanding that it would require changes in State law.

The Legislative Reference Bureau (LRB) will do a write-up on each of the suggestions in order to allow the Subcommittee to judge the fiscal impact of each. Ald. Murphy will request that the City Attorney and the Comptroller's Office attend the next Subcommittee

meeting to discuss the legal implications of any suggestions.

Mr. Soika recommended quantifying the economic benefit of increasing affordable housing (construction costs, increased tax revenue, etc.). Mr. Ries will try to get analyses from other cities related to this.

If members have other ideas, they may e-mail Ms. Elmer, who will pass the idea along to LRB, which will provide an analysis.

Ms. Elmer will also speak to Jennifer Gonda, who previously worked in the Budget office, related to her participation and data related to an affordable housing trust fund.

3. Administration of a Housing Trust Fund

This will be handled by the Organizational Criteria Subcommittee and will be added to its agenda for Thursday.

4. Set next meeting date and agenda

The next meeting date will be April 3rd at 1:30.

Meeting adjourned: 9:17 A.M.

*Linda M. Elmer
Staff Assistant*